



# ***UNDERSTANDING* CHILD CARE**

**A PRIMER FOR POLICY MAKERS**

# California Working Families Project

February 1999

Dear California Leader:

This fiscal year, the state of California has budgeted over \$2 billion for child care and development programs and services, with 55% of these funds passed through by the federal government. An additional \$360 million will be generated due to the recent passage of Proposition 10. This is a massive public investment – by any measure.

As a policy maker, at either the state or local level, you are entrusted – and empowered – to make decisions that impact the state’s multifaceted child care system – decisions that dramatically affect the lives of children and their parents. Often you are asked to act in a rushed fashion, or with inadequate background information.

**The California Commission on the Status of Women** and the **Institute for Research on Women and Families**, through our **California Working Families Project**, have joined together to offer you a starting point to understand California’s complicated child care system.

In numerous meetings and interviews, we learned that leaders in California consider child care a priority policy issue, but that no introductory publication was available to provide a descriptive overview of California’s child care system.

Before you is that document. *Understanding Child Care* is a briefing paper for policy makers, an introduction to the institutions, programs and people that make the child care system work.

In preparing this paper, I relied on the expertise, ideas and revisions of many individuals. I would particularly like to thank Jaci White, Child Action, Inc.; Jack Hailey, Senate Office of Research; Patty Siegel, California Resource and Referral Network; Giovanna Stark, Child Development Policy Advisory Committee; and Pat Dorman, *On the Capitol Doorstep*. These individuals have dedicated their professional lives to improving California’s child care system. Their contributions to this paper were significant, but their steadfast commitment to our state’s children is even more impressive.

Finally, I would like to thank the commissioners and staff of the California Commission on the Status of Women. Their partnership with the Institute made this project possible – and reflects our common and deep commitment to empowering policy makers with non-partisan information about the lives of working families.

Sincerely,



Kate Karpilow, Ph.D.  
Executive Director  
Institute for Research on Women and Families

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# UNDERSTANDING CHILD CARE – AN INTRODUCTION

The purpose of this paper is to provide policy makers and others a concise introduction to California’s child care system – to assist readers with *understanding child care* and making informed decisions.

Understanding child care means having a working knowledge of the state agencies responsible for child care and the programs that deliver, finance or regulate services. It also means understanding the professional circumstances and challenges of child care providers, as well as the needs of the families who are served – and not served.

Consequently, this paper describes the governance structure and public programs for child care in California and provides an overview of issues affecting child care providers, particularly in the areas of licensing and wages.

The paper also discusses supply and demand issues. Although “supply and demand” might seem like an abstraction beyond the purview of a basic briefing paper, it is critical for policy makers to understand how some of the fundamental questions are being framed: Who are the families – and children – who need child care? Is the supply of child care centers and family child care homes sufficient to meet demand? And is the information that we have adequate to answer these questions?

Finally, the paper briefly summarizes research on cognitive development, referred to as “brain research.” This growing body of literature has prompted researchers and advocates to underscore the importance of providing quality child care to ensure healthy cognitive, emotional and social development in children. The research also motivated proponents to place Proposition 10, the *California Children and Families First Initiative*, on the November 1998 ballot. California’s voters supported the measure, and millions of dollars will now be available to fund child development programs.

Throughout, this paper is intended to be *descriptive*, not *prescriptive*, providing, to the degree possible, an unbiased introduction to a system and policy area that has seen considerable growth in the last several years.

## Why Focus on Child Care?

Over the past 30 years, demand for child care has skyrocketed. More women and men are in the work force, either as members of two-paycheck families or as single parents. Low-income working parents often need child care subsidies to make ends meet. And, due to work requirements initiated through welfare reform, welfare recipients often need child care to enter or re-enter the work force.

Parents and policy makers approach the issue of child care with complementary, but not identical, goals. Parents are primarily concerned with finding safe, dependable, affordable and high-quality child care. Policy makers, having different responsibilities and objectives than parents, typically approach child care with several goals in mind – stimulating employment, improving work force productivity, providing a healthy and safe environment for children and child care workers, and maximizing the skills of the state’s future work force (see below).

### Goals For Child Care Policy

- **Stimulate Employment**

Child care is a tool for stimulating employment – providing a necessary service so working parents can enter or stay in the work force.

- **Increase Work Force Productivity**

An adequate and dependable supply of child care contributes to increased work productivity for parents and decreased absenteeism and tardiness.

- **Promote Safe and High Quality Child Care**

Licensing requirements and staffing ratios for child care homes and centers establish health and safety standards and promote the child’s positive growth and development.

- **Improve School Readiness**

To the degree that child development programs improve children’s cognitive and social skills, children are better prepared for school. In the long term, quality child care can also help build a more skilled work force and potentially reduce state spending on special education and social services.

## What is Child Care?

The National Conference of State Legislatures defines child care as “all types of education and care for children from birth through age 5 and programs for school-age children before and after school and during vacations. It refers to a wide range of programs located in different types of facilities, under a variety of auspices, and with different hours of operation, from part-day to full day.”\*

California’s Health and Safety Code (Chapter 3.4, Article 1) states that child care “facilities can contribute positively to a child’s emotional, cognitive, and educational development.” The state’s Education Code (Chapter 2.0, Article 1) defines child care and development programs as those “that offer a full range of services for children from

\* Source: *Building Blocks: A Legislator’s Guide to Child Care Policy*, National Conference of State Legislatures, December 1997.

infancy to 14 years of age, for any part of a day, by a public or private agency, in centers and family child care homes.”

State policy emphasizes child care’s role as a support service for working or job-seeking parents. Child care and development services are defined in the Education Code (Chapter 2.0, Article 1) as those services “designed to meet a wide variety of needs of children and their families, while their parents or guardians are working, in training, seeking employment, incapacitated, or in need of respite.” These services can include direct care and supervision, instructional activities, resource and referral programs, and alternative payment arrangements.

**Clearly, child care can be described in different ways (see below). A brief overview of common terms is a useful entry point for those intent on understanding California’s child care system.**

## Dimensions Of Child Care

### Family Child Care Homes ..... Child Care Centers

Family child care homes provide child care in the home of the provider. Family child care homes are described as small or large, depending on the number and ages of children cared for, but can serve no more than 14 children. Child care centers provide care in larger facilities and have structured hours of operation. Each child care center serves an average of 49 children.

### Licensed Care ..... License-exempt Child Care

Most family child care homes and child care centers are required to be licensed by the state. Licensing establishes requirements for staff ratios, training, and health and safety conditions.

Some types of child care do not require a license – and are referred to as license-exempt care. This includes care by a relative, care in a child’s own home, some public recreation programs, care for school-age children at their own school, and care in a provider’s home when the provider cares for children from one other family besides the provider’s own.

### Infant/Toddler Care ..... School-Age Care

Child care for pre-kindergarten children is typically divided into infant care, toddler care, and preschool-age care. School-age care refers to before- and after-school care for children from kindergarten through Grade 9.

### Preschool .....

Preschool is a classroom-based, enriched learning experience for children ages 3 and 4 who are not yet attending kindergarten. It is usually part-day and often is closed during the summer. The California Department of Education funds state preschool programs, as does the federal government through Head Start. Some preschools (both public and private) offer additional hours of care to provide full-day care for children of working parents.

### Publicly Subsidized Care .....

Publicly subsidized care refers to child care that is paid for in part or in full with government funds. Subsidies can take different forms, including government-contracted programs and vouchers paid to providers chosen by the parents. Most California programs also have a sliding fee scale for parents. For-profit and non-profit providers may or may not choose to accept clients supported with government subsidies.

### Quality Care .....

Quality care typically means providing a healthy and safe environment and care that is appropriate to the child’s background, age and stage of development. Basic health and safety parameters, as well as teacher and director minimum educational requirements, are established through the licensing conditions of Title 22 of the state’s Code of Regulations. Through Title 5, some quality parameters are set through contractual requirements affecting teacher education, training and staffing ratios.

## What Do We Know About California's Children?

Understanding California's families – and children – is essential to understanding the demands on the child care system. Due to the sheer numbers of children and the diversity in their family backgrounds, California's child care system serves a unique population.

### California Has a Lot of Kids<sup>1</sup>

Of California's 32.3 million residents, just over 9 million, or 28%, are under 18 years of age. The number of Californians under 18 years exceeds the total populations in 42 other states.

### Many of California's Children Live in Poverty

A significant number of children in California live in poverty. Some key statistics about the lives of California's children:

- Of the 5.5 million people who live below the poverty threshold, 43% are under 18 years of age.
- More than one quarter (26.5%) of the state's 9.15 million children under the age of 18 live in poverty.
- Of the state's 3,347,500 children under 6 years of age, 29.3% live in poverty. Of the 5,798,000 children aged 6 to 17, 24.8% live in poverty.
- One-quarter (25.8%) of the state's children (17 years of age and younger) live in single-parent households – either with their mothers (21.1%) or with their fathers (4.7%).
- Of all families in the state with at least one child under 18 years of age, 17.7% live below poverty<sup>2</sup> and another 5.4% live at 100%-149% of poverty.
- Child support was collected in only 17.2% of the 2.4 million child support cases in California in 1996.<sup>3</sup>
- In 1997, 84% of children without health insurance lived in families with at least one working parent. More than half (54%) of the state's children without health insurance lived with at least one parent who was employed full-time.<sup>4</sup>
- Of the 5.4 million children enrolled in the state's public schools in fiscal year 1996-97, 50% (or 2,755,744) were approved for free or reduced price meals through the National School Lunch Program.<sup>5</sup>
- Of students in the state's 9-12th grades, 3.3% dropped out in 1998. The estimated percentage that will drop out over a four-year period is 13%.<sup>6</sup>

## Moments For California Children<sup>7</sup>

- Every minute a child was reported abused or neglected.
- Every eight minutes a baby was born to a teenage mother.
- Every 16 minutes a baby was born at low birth weight.
- Every three hours a baby died during the first year of life.
- Every 10 hours a child or youth was killed by a gun.

## More Statistics On Children And Child Care

*California: The State of Our Children '98*  
*Children Now*  
(510) 763-2444  
[www.childrennow.org](http://www.childrennow.org)

*The California Child Care Portfolio*  
*California Child Care Resource & Referral Network*  
(415) 882-0234  
[www.rrnetwork.org](http://www.rrnetwork.org)

*Children in the States: 1998 Data*  
*Children's Defense Fund*  
(202) 628-8787  
(510) 287-9261  
[www.childrensdefense.org](http://www.childrensdefense.org)

### Notes

- 1 Unless otherwise noted, statistics in this section are the result of an analysis of the 1997 Annual Demographic File of the Current Population Survey (CPS), United States Department of Commerce. The analysis was conducted by staff at the Institute for Research on Women and Families.
- 2 The 1996 poverty threshold for a family of two is \$10,233 (when the head of household is under 65 years of age).
- 3 *California's Child Support Program: The Cost of Failure/Data Supplement*. National Center for Youth Law, Child Support Reform Initiative, Children Now, 1998.
- 4 *The State of Health Insurance in California, 1998*. Center for Health and Public Policy Studies, University of California, Berkeley, and Center for Health Policy Research, University of California, Los Angeles, 1998.
- 5 California Department of Education.
- 6 California Department of Education.
- 7 Children's Defense Fund (CDF) web page: [www.childrensdefense.org](http://www.childrensdefense.org), January 29, 1999. Used with permission. Calculations made by CDF using latest available government agency statistics.



# WHAT IS GOVERNMENT'S ROLE?

Many government entities – from federal to local – are involved in financing, administering, regulating, subsidizing or advising on child care. Here is a profile of some of these major agencies, departments and programs.

## The Federal Level

California receives child care assistance from the federal government in three ways: funding, information and direct services. In fiscal year 1998-99, \$1.1 billion in federal funds was used in California to support child care programs and services.

While several federal agencies have programs related to child care, the Department of Health and Human Services (DHHS) is the federal entity with the most involvement in child care.

Other federal sources provide support as well. The Internal Revenue Service in the Department of the Treasury allows a Dependent Care Tax Credit (see sidebar). The Department of Defense provides child care to its military employees throughout the nation, and the Department of Education provides subsidies for after-school learning programs. The Department of Justice provides subsidies for some after-school programs for at-risk youth.

### Dependent Care Tax Credit

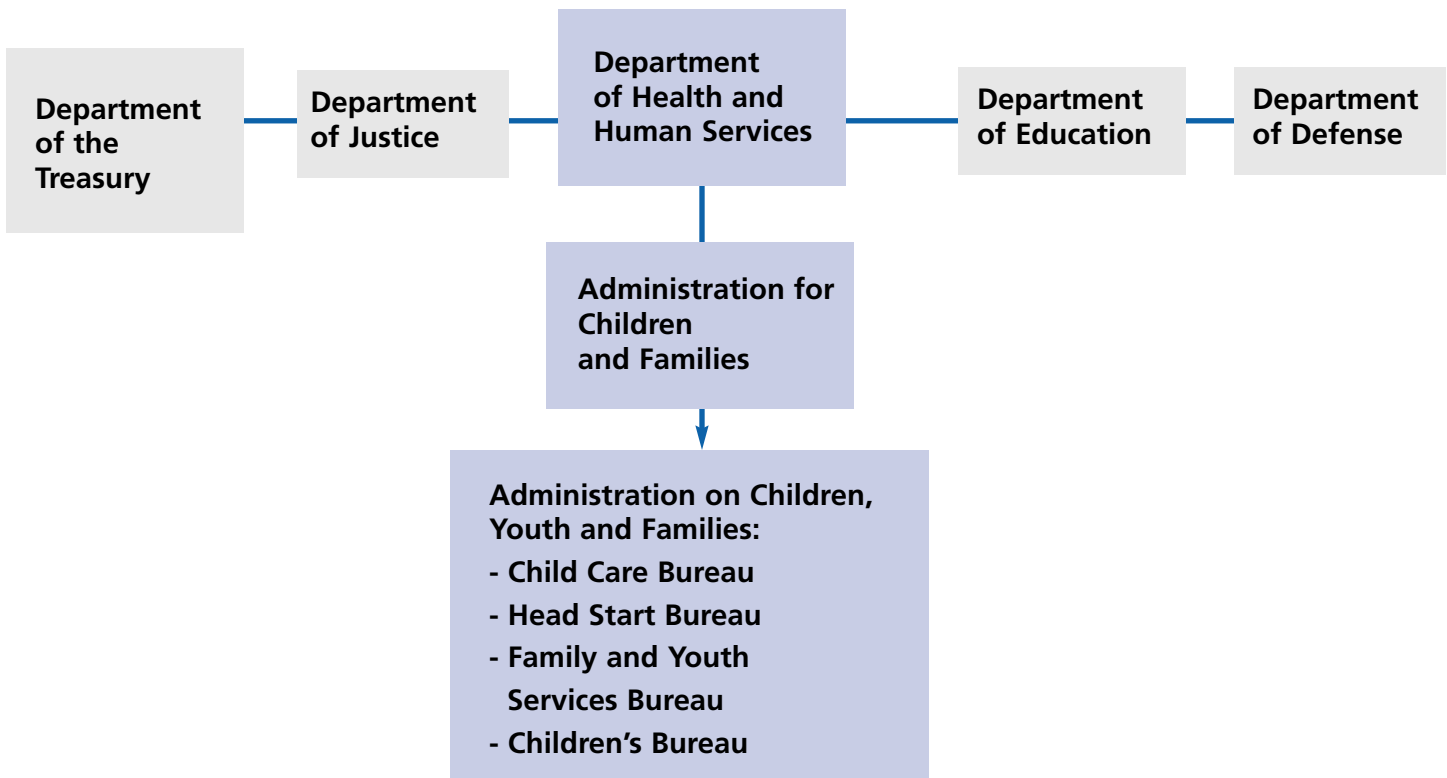
The Dependent Care Tax Credit allows federal taxpayers who have employment-related expenses for the care of a child under the age of 13, or for the care of a spouse or dependent who is physically or mentally incapable of self-care, to offset a percentage of those expenses against their federal income tax liability.

The amount of the credit that may be claimed is determined by the amount of the taxpayer's expenses and the taxpayer's adjusted gross income (AGI). A credit may be claimed for a percentage of the taxpayer's qualifying expenses up to \$2,400 for one child or dependent or \$4,800 for two or more children or dependents, with the percentage varying according to the taxpayer's AGI.

In 1996, the most recent year for which Internal Revenue Service data are available, 5.5 million taxpayers nationally claimed the credit and received \$2.3 billion in tax relief.

*Excerpted from: Tax Relief for Employed Families, National Women's Law Center, 1998.*

## The Federal Government: Child Care Agencies



## U.S. Department of Health and Human Services

DHHS has three primary functions relating to child care and development: providing program subsidies and funds for quality improvement, administering and funding Head Start, and providing research and technical assistance for child care.

The Administration on Children, Youth and Families (ACYF), which itself is under the Administration for Children and Families of DHHS, has four bureaus, two of which provide child care and development services:

The **Child Care Bureau** administers the Child Care and Development Fund (CCDF) to states, territories and tribes to assist low-income and welfare families in obtaining child care (see sidebar).

A minimum of 4% of the block grant (as well as the state match) must be designated to improve the quality and expand the supply of child care for all families. In fiscal year 1998-1999, California will receive approximately \$455 million in CCDF subsidies for local assistance for child care, compared to \$353 million in fiscal year 1997-98.

The Child Care Bureau also provides technical assistance and research on child care programs and issues.

The **Head Start Bureau** administers the Head Start preschool program. Head Start is a federal preschool and comprehensive services program that was launched in 1965. Three components typify Head Start – early child education, social and nutrition services for children and their families, and a parental involvement and education component, which is considered to be the defining characteristic of Head Start.

The state is not involved in the administration of Head Start. The federal government directly funds regional Head Start grantees. However, beginning in 1992, ACYF awarded the state funds to launch the California Head Start Collaboration Project, which, in part, links state child care and development programs with Head Start services to create full-day services.

In 1998, Head Start sites in California served approximately 81,681 children, almost all of whom were 3-4 years of age. Head Start programs are usually part-day and do not operate year-round. Nearly \$459 million in funds support Head Start sites in the state.

## Other Federal Programs

### The Department of Defense

The Department of Defense has the largest employer-sponsored child care program in the nation, serving over 200,000 children nationally from 0-12 years of age. The military does not collect statewide figures on the number of families and children served.

### The Department of Education

The 21st Century Community Learning Centers Program was expanded in 1998 and now provides \$240 million to rural and inner-city public schools that collaborate with community-based programs for after-school learning programs. About 10% of these dollars are expected to support programs in California.

### The Department of Justice

The Department's Office of Juvenile Justice and Delinquency Prevention administers grants to cities and counties, including some in California, for after-school diversion programs for at-risk youth.

### Child Care And Development Fund: A Bit Of History – and an editorial note

The Child Care and Development Block Grant (CCDBG) was created in 1991, prior to welfare reform.

In 1996, the federal welfare reform act required that child care funds be administered as a unified fund. The act repealed three federal child care programs (AFDC Child Care, Transitional Child Care, and At-Risk Child Care), combining them into the CCDBG, which itself was amended. In August 1998, this unified fund was re-named the Child Care and Development Fund (CCDF) by the Administration for Children and Families.

Although the federal welfare reform act removed a welfare recipient's entitlement to child care, overall funding for the CCDF increased significantly.

*Note: For consistency, the newly adopted name, CCDF, is used throughout this paper.*

## The State of California

In fiscal year 1998-99, the Department of Finance (DOF) estimates that the state will spend just over \$2 billion on child care, with about 55% of these dollars passed through by the federal government.\*

The state has assumed five primary roles relating to child care:

- Through licensing of child care centers and homes, ensures minimum health and safety standards for children, conducts criminal-record and background checks on child care staff, and establishes minimum teacher and director educational requirements.
- Provides the “working poor” with subsidies for their children to receive child care or early childhood education.
- Provides child care subsidies so parents can transition from welfare into the work force.
- Undertakes a variety of improvements to expand the supply of child care and improve the quality of child care.
- Supports local resource and referral programs to assist parents with locating, choosing and using child care.

California is considered a national leader because of its more than 50-year commitment to providing child development programs. California is unique nationally as it is the only state to empower *two* state agencies with primary responsibilities for the administration and regulation of child care and development programs: the California Department of Education (CDE) and the California Department of Social Services (DSS). Other state entities have smaller roles. See the chart on page 7 for an overview of California’s child care and development system.

## California Department of Education

CDE has provided subsidized child care and development programs for low-income families since 1943 and is designated by the Education Code (Chapter 2.0, Article 1) as the “single state agency” for child care and development programs. CDE child care programs emphasize the developmental needs of the child and often provide family services, including health screening, nutrition, parent education and social service referrals.

Overall, CDE activities can be summarized into four categories:

- Administers (or contracts for the administration of) various child care programs for low-income families, including certificate programs (vouchers) and contracting child care centers.
- Administers subsidies for two “stages” of California’s welfare reform program, commonly known as CalWORKs.
- Administers state preschool programs.
- Conducts a variety of planning, technical assistance, quality improvement and capacity development activities, as well as support services for parents.

Estimated expenditures for CDE’s child care and development-related responsibilities are \$1.3 billion for fiscal year 1998-99. About 35% of this budget is supported with federal funds made available through the CCDF. About 65% is funded with state monies, almost all of which is guaranteed through Proposition 98 (see below). In fiscal year 1998-99, CDE expects to administer over 2,200 contracts to approximately 861 public and private agencies in the state to provide services to about 283,000 children.

All child care and development programs within CDE are administered by the Child Development Division (CDD), with one exception. The newly created After-School Learning and Safe Neighborhoods Partnerships Program is administered by the Healthy Start Division.

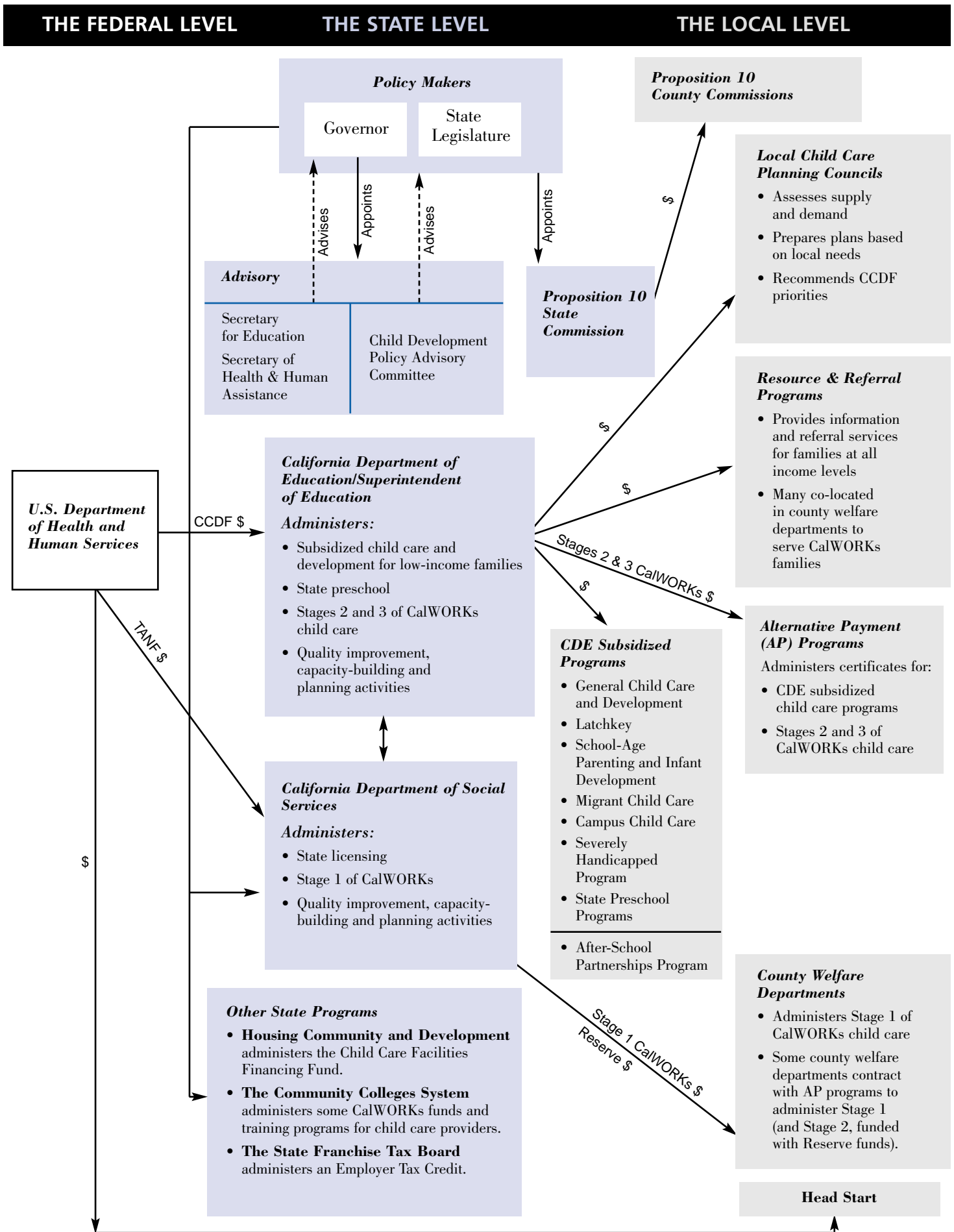
### How Does Proposition 98 Fit In?

Proposition 98, the Classroom Instructional Improvement and Accountability Act, supported by the voters in November 1988, guaranteed 40% of the state budget for public education. A court decision determined that child care and development programs are included in this guaranteed funding base.

\* Proposition 10 revenues not included in this total. Estimated expenditures reported in this paper are based on DOF figures, as of February 1, 1999 (unless otherwise noted).



# California's Child Care & Development System: Primary Institutions



## CDE Programs and Activities\*

Relevant CDE programs and activities can generally be classified into child care and development programs (both full-day/year-round and those targeted to special populations), a certificate (or voucher) program, preschool, support and development activities, and child care for welfare recipients.

### General Child Care and Development

#### *Full-day/year-round*

*General Child Care and Development* programs utilize centers and networks of family child care homes, operated by either public or private agencies, for the provision of child care and development services from infancy through age 14, depending on the source of funding. Care is typically available year-round for up to 10 hours a day during weekdays. There are about 450 center-based general child care programs and 16 community college match programs.

### Special Populations

*Severely Handicapped Programs* provide supervision, care and other services to eligible families. There are six Severely Handicapped Programs.

*Migrant Child Care* programs serve children of migrant workers while their parents are at work. There are 25 Migrant Child Care Programs.

#### *School-Age Parenting and Infant Development*

(*SAPID*) serves adolescent parents and their children by providing parenting education and child care and development services, while parents complete their secondary education. There are 103 SAPID programs.

*School-Age Community Child Care Programs or “Latchkey”* programs provide a safe environment with age and developmentally appropriate activities for school-age children during the hours immediately before and after the normal school day and during school vacations. There are 135 Latchkey programs.

#### *After-School Learning and Safe Neighborhoods*

*Partnerships Program* will provide academic and literacy support for students in grades K-9, with programs developed through partnerships of schools and communities. Local programs will be funded in fiscal year 1999-00.

### Certificate (or Voucher) Program

*Alternative Payment Programs*, or AP programs, offer an array of child care arrangements for parents, including in-home care, family child care and center care. This service often takes the form of a vendor payment (a voucher) issued monthly to a provider selected by the family. The AP program is intended to increase parental choice and accommodate the individual needs of the family. There are 95 agencies with AP contracts, 19 of which are counties.

### Stage 2 and Stage 3 of CalWORKs

The state’s welfare reform is known as CalWORKs, or California Work Opportunity and Responsibility to Kids. It established three phases of child care support for welfare recipients, with corresponding *stages* of administration. The welfare plan gave CDE responsibility for administering the second and third stages, which are described in more detail on page 16.

### State Preschool

Although there are some full-day programs, state preschools are typically part-day, school-year, comprehensive developmental programs for 3- to 5-year-old children from low-income families. The programs emphasize parent education and encourage parent involvement. These programs are administered through school districts, colleges, community action agencies, and private non-profit agencies. There are 332 State Preschool programs.

Note: The state superintendent of public instruction has proposed that **universal preschool** be phased in over a 10-year period to eventually provide at least a half-day of preschool to all 3- and 4-year-olds in the state.

### Support and Development Activities

*Resource and Referral (R&R) Programs* provide information to parents and the community about the availability of child care, assist potential providers in the licensing process, and provide support services, including training. Every county is served by at least one R&R.

*Local Child Care Planning Councils* are funded to assure local leadership, develop a local child care needs assessment, and establish priorities for the use of state funds at the local level.

### Quality Improvement and Capacity-Building

*Activities* are largely supported with federal monies from the CCDF. A variety of projects are under way to improve the quality of child care through teacher training and curriculum development. Funds to expand the supply of child care support the building or renovation of buildings and classrooms.

*The Child Care Facilities Revolving Fund* assists with the purchase and relocation of child care facilities.

*Other support activities* include background checks of child care providers, pre-kindergarten learning guidelines and more.

\* Program descriptions are adapted from CDE and DOF materials. Program numbers are for January 1999.

## CDE and Title 5 – Staffing Ratios

Title 5 of the Code of Regulations sets staffing standards for all publicly subsidized child development programs, with a few exceptions. For example, AP programs and Latchkey child care programs are not subject to the standards.

As of February 1997, teaching and supervisory staff in CDE-subsidized programs subject to Title 5 have been required to obtain Child Development Permits. Aides are required to meet minimum standards, but not required to obtain permits.

The child development permit system establishes educational and experience requirements for associate teachers, teachers, master teachers, site supervisors and program directors. In addition, teachers, master teachers, site supervisors and program directors also must meet professional education requirements to renew their permits after five years.

Permits are issued by the California Commission on Teacher Credentialing, and training is available at 100 of the state's 106 community colleges. A *Child Development Training Consortium*, funded through quality improvement funds, helps with first-time costs of obtaining permits for assistants, associate teachers or teachers.

*Source: On the Capitol Doorstep.*

<b>CDE Program Expenditures And Enrollment* Local Assistance Fiscal Year 1998-99</b>		
Programs & Services	Fiscal Year 1998-99 Estimated Expenditures (in thousands)	Projected 1998-99 Enrollment
General Child Care and Development	\$442,745	70,076
Severely Handicapped	1,251	134
Migrant Child Care	21,948	7,372
Latchkey	26,544	6,418
SAPID	20,962	3,450
After-School Programs**	0	0
AP Programs	167,156	31,864
Preschool	161,982	67,329
Resource and Referral	14,607	
Quality Improvements and Capacity Develop.	38,738	
Child Care Facilities Revolving Fund	48,801	
Stage 2 - CalWORKs	216,759	50,490
Stage 3 - CalWORKs	110,000	23,775
COLA and Minimum Wage	26,198	
<b>Totals</b>	<b>\$1,297,691</b>	<b>260,908</b>

\* Source: Based on Department of Finance estimates as of 2/1/99.

\*\* Source: Due to late program start-up, \$50 million originally appropriated in the 1998-99 fiscal year has been reappropriated to 1999-00.

## California Department of Social Services

DSS has two major responsibilities relating to child care:

- Licensing family child care homes and child care centers and conducting criminal-background checks.
- Administering the first stage of the child care subsidy program established through the state's welfare reform plan (Stage 1 of CalWORKs).

Expected expenditures for Stage 1 CalWORKs child care are \$496 million in fiscal year 1998-99, with an expected caseload of 117,500.

A reserve of \$183 million has also been budgeted, for either Stage 1 or 2. In January 1999, all but \$7 million of the reserve funds were distributed to the counties, with \$59 million designated for Stage 2 and the remainder for Stage 1. Expected enrollment supported with the reserve fund is 42,500.

The department's expected expenditures for non-direct child care services, including criminal-record checks and capacity building, is \$9 million. Total estimated expenditures for DSS child care and development programs are \$696 million, with 99% of these dollars passed through by the federal government.

Employees and owner-operators of licensed facilities are subject to criminal-records checks administered by DSS. Also, most license-exempt providers who receive public funds must undergo a criminal-record check, through a program called TrustLine (see below).

The Department's Community Care Licensing Division has established a Child Care Advocate Program to link the licensing agency with local child care communities.

DSS also administers the **Cal-Learn** program, a mandatory program for teen parents up to age 19 who do not have a high school diploma. They are required to complete their high school education, and CalWORKs child care is one of several services provided to support attendance. In fiscal year 1998-99, \$6 million is budgeted for Cal-Learn child care, for an expected caseload of 1,786.

### What Is TrustLine?

TrustLine is a background check required for all in-home and license-exempt family child care providers funded through CalWORKs or CDE's AP program and Child Care and Development Fund programs. Grandparents, aunts or uncles are not required to be "TrustLined." Providers not associated with a subsidized child care program can use the TrustLine background check by paying a fee.

*For more information on TrustLine, call (800) 822-8490 or the California Child Care Resource & Referral Network at (415) 882-0234.*

## DSS And Title 22

The state's Health and Safety Code authorizes the director of DSS to implement licensing regulations to ensure basic health and safety standards at public and private child care centers and family child care homes. These regulations, developed by the department's **Community Care Licensing Division** and found in Title 22 of the California Code of Regulations, require different types of licenses for different types of child care facilities.

For child care **centers**, there are four types of licenses:

- Child Care Centers;
- Infant Child Care Centers (with a "Toddler Option");
- School-Age Child Care Centers; and
- Child Care Centers for Mildly Ill Children.

For owners of **family child care homes**, license requirements are based on the number and ages of children being cared for, with two licenses available: Small Family Child Care Homes (capacity up to eight) and Large Family Child Care Homes (capacity up to 14).

Title 22 standards for facilities govern:

- Provider-child ratios;
- Staff training, education, and experience criteria;
- Admission criteria;
- Daily operational procedures;
- Fire clearance and other emergency plans;
- Building and grounds design and maintenance, including outdoor space and equipment;
- Meal plans;
- Tuberculosis clearance; and
- Criminal-record check and child-abuse index check.

Both centers and family child care homes are inspected prior to receiving a license, and all applicants must participate in orientations. To ensure that facilities continue to meet the licensure standards, DSS officials make unannounced inspections of centers once a year, and of family child care homes once every three years. DSS also makes unannounced visits to investigate allegations of abuse and violations of regulations.

Depending on the number of children served, child care centers pay an annual fee of \$100 to \$500 for each license. The fee for large family child care homes is \$50 annually, and \$25 for small family child care homes.

### License-Exempt Facilities

Title 22 specifically excludes some facilities from licensing requirements. Exemptions include relative care, care in a child's own home, some before- and after-school programs, some recreation programs, and family child care homes that care for children from one family in addition to the children of the provider.

*Sources: DSS; Child Development Policy Advisory Committee; On the Capitol Doorstep.*

## Other State Programs

Other state agencies or departments offer child care services as a component of their programs.

### The California Community Colleges System

The California Community Colleges system provides CalWORKs child care, budgeted at \$15 million for fiscal year 1998-99. The care is provided through centers or vouchers. Ninety-nine of the system's 106 colleges have campus child care and development centers.

In addition, all campuses have Cooperative Agencies Resources for Education (CARE), which can provide child care, as one of many services, to single welfare parents with children under six years of age. The system's vocational education program also provides child care as an ancillary service.

The California Community Colleges system is also the primary *training institution* for child care providers in California, offering the full range of courses required to obtain a child development permit, as well as the less stringent certification for a family child care home. One hundred of the 106 community colleges offer either an early childhood or child development program. In fiscal year 1996-97, 100,000 students were enrolled in at least one child development course, while more than 50,000 students were enrolled in two or more courses.

Six other state departments have programs that support or provide child care:

- The **State Office of Criminal Justice Planning** estimates that in the upcoming three-year grant cycle, \$3.5 million will be made available for after-school and mentoring services for at-risk youth, with funds passed through from the federal Title 2 Juvenile Justice and Delinquency Prevention Act.
- The **Department of Health Services** manages the Adolescent Family Life Program, which provides support services to pregnant and parenting teens not eligible for CalWORKs.
- The **Employment Development Department (EDD)** receives funds from the federal Job Training Partnership Act. Local Private Industry Councils receive support from EDD to provide unemployed individuals with training and support services, including child care.
- The **Housing and Community Development Department** is responsible for administering the newly created Child Care Facilities Financing Program, intended to provide loans or loan guarantees to increase the supply of child care facilities (see page 23).

- The **California State University** system receives about \$1 million to subsidize operating expenses of CSU auxiliary-operated child care centers.
- The **Franchise Tax Board** administers an employer tax credit, budgeted at \$10 million for fiscal year 1998-99. Employers can take a personal income tax and bank and corporation tax credit for up to 30% of start-up costs to establish a child care program or construct a child care facility to be used primarily for the children of employees or tenants. The credit cannot exceed \$50,000 for any taxable year, but can be carried over into subsequent years. This credit also applies to expenses to secure child care resource and referral services.

Employers are also allowed tax credits for 30% of the amount of contributions to child care plans for employees' children, with a credit not to exceed \$360 for each qualified dependent.

California previously provided a personal income tax credit for child care expenses, but this credit ended on December 31, 1993.

### What Are Comprehensive Integrated Services?

A number of state and privately funded programs, including many that provide child care, are built around the concept of comprehensive integrated services (CIS). In contrast to offering services through narrowly defined categorical programs, the approach of CIS is typically defined by:

- Community-based and collaborative goal-setting and decision-making.
- Services that are accessible, comprehensive and adaptable to the needs of families.
- A focus on prevention.
- Results-based accountability.

#### Two key resources on CIS:

Healthy Start State Office  
(916) 657-3558  
<http://www.cde.ca.gov/cyfs/branch>

Foundation Consortium  
(916) 646-3646  
<http://www.lweb.org>



## State-Level Advisory Groups

### The Child Development Policy Advisory Committee

The Child Development Policy Advisory Committee (CDPAC) is a citizens' review board originally established in 1965, and significantly reconstituted in 1976. CDPAC is comprised of 22 members – parents, public members, family child care and child care center operators – all of whom are appointed by the governor. Representatives from five state departments are also statutorily defined as members of CDPAC.

The primary mission of CDPAC is to provide public policy recommendations on child care and development to the governor, the Legislature and other state departments. CDPAC also assists with facilitating and coordinating local child care planning.

### Governor's Office of Education

The Office of the Secretary for Education (formerly the Office of Child Development and Education) is directed by a cabinet-level secretary. The office is responsible for advising the governor on a host of education- and child-related programs and legislation, including child care.

## How Are We Governing?

Over the past 20 years, repeated questions have been raised about the structure of governance for California's subsidized and regulated child care system.

In a recent report released in September 1998, the Little Hoover Commission recommended streamlining the state's role, either by increasing collaboration between CDE and DSS or by consolidating the state's child care programs and other activities into one entity. To accomplish this, the Little Hoover Commission called for a California **child care master plan** to be adopted by the governor and Legislature. The plan would guide state efforts to help families and local communities meet their child care needs. The Little Hoover Commission recommended that CDPAC be given responsibility and funding to develop the master plan.

## Past Recommendations For A Master Plan

**1976** – The Legislature called for the state superintendent of public instruction to implement a child care plan to be developed by the Commission on Child Care and Development Services. That plan – drafted in 1978 when the population of the state stood at 22 million – remains the state's only attempt to date to design a comprehensive strategy for child care in California.

**1977** – The Legislature enacted a law requiring the Office of Statewide Health Planning and Development to draft a Master Plan for Children and Youth, to be released by July 1, 1980, for the purpose of reorganizing the delivery of child care and other children's services. But policy disputes that arose as the plan was being developed ultimately led to its demise.

**1980** – The Legislature passed a law, which is still in effect, that calls for CDE to submit a report to the Legislature every three years on the performance of the state's child care and development programs. In the 18 years since the law was enacted, CDE has submitted only three triennial reports: one in 1984-85, one in 1985-86, and the most recent in 1989-90.

**1985** – A survey and report on child care conducted by the Gallup Organization for the Governor's Child Care Task Force called for an over-arching plan to address child care needs in California.

**1987** – The Little Hoover Commission recommended that the state establish a Commission on Children and Youth to allow California to set overall state priorities for serving children, and to coordinate child care and other services in order to eliminate duplication of effort and reduce service gaps. That policy recommendation has not been implemented.

**1989** – Policy Analysis for California Education (PACE), a research center based at the University of California, Berkeley, and Stanford University, recommended that the state "consider adopting a comprehensive children's policy where only a collection of isolated, narrowly conceived programs exist today." Almost 10 years later, the state is still without such a policy.

**1991** – The state is required to develop a state plan for the use of federal child care development block grant funds, and a 1991 state law requires the Department of Education to coordinate this state plan with the state's master plan for child care and development. But no master plan exists.

*Excerpted from: Caring for Our Children: Our Most Precious Investment, Little Hoover Commission, September 1998.*

## The Local Level

The local child care system includes a number of organizations responsible for planning, administering or supporting child care programs, as well as numerous entities that deliver child care services.

### Planning, Administration and Support

#### Local Child Care Planning Councils

State law requires that each county create a local child care planning council.\* The councils have a mandated membership, which includes community representatives, providers and parents.

Since 1997, when the state launched the CalWORKs welfare reform effort, the local child care planning councils' responsibilities have included gathering data on supply and demand for both subsidized and unsubsidized child care and preparing child care plans based on identified needs. The councils also have been asked to coordinate part-day programs with other child care services and to consolidate local child care waiting lists.

#### Resource and Referral Programs

CDE funds at least one R&R program\* to provide service in each county, with some large counties having more than one. In most counties, CDE contracts with the same agency to provide both R&R services and AP services. R&Rs have varied responsibilities, but their typical duties are described in the sidebar on the right. R&R programs have been supported by CDE since 1976.

#### Alternative Payment Programs

AP programs\* are local entities funded by CDE to administer alternative payment vouchers for CDE-subsidized child care programs. Some county welfare departments that are responsible for Stage 1 of the CalWORKs child care program contract with AP programs to provide services.

#### County Welfare Departments

State legislation designated county welfare departments as the local entities responsible for administering Stage 1 of the CalWORKs child care program.

\* Also described on page 8.

#### Child Care Coordinators

Child care coordinators, of which there are approximately 71 throughout the state, have mixed responsibilities. Many of the child care coordinators are responsible for the coordination of the local child care planning councils (usually as a part-time responsibility).

Some cities and counties have hired child care coordinators to work to increase the supply of child care in the community in both the private and public sectors. Duties vary, but can include assisting child care centers or family child care homes with navigating local planning and zoning laws, managing the jurisdiction's child care programs or subsidies, and working with private developers and public jurisdictions to place child care facilities in new buildings.

### Resource And Referral Programs

- Help parents of all income levels locate, choose and use child care that meets their family needs.
- Provide convenient services to CalWORKs clients, with many R&Rs now located in or near county welfare departments.
- Work with providers to improve the quality of child care and to maintain and expand the supply of child care in each county.
- Educate local communities and leaders to understand child care issues and to plan effectively to address child care needs.
- Annually document parents' requests for child care services and the supply of licensed child care.

*Source: California Child Care Resource and Referral Network*

### The Waiting List Dilemma

Family child care homes and child care centers that receive state subsidies from CDE are required to maintain waiting lists of eligible families (those at 75% of state median income or below). Informal reports from counties indicate that waiting lists are long for most programs.

Local child care planning councils have been asked to deliberate the value of centralized waiting lists for their counties – and how they would be implemented.

Because families can be wait-listed with more than one provider, simply compiling program waiting lists would lead to significant duplications. At this time, there is no reliable statewide figure indicating the number of families on waiting lists.

## Local Child Care Providers

Many entities provide child care at the local level, including child care centers, family child care homes, and license-exempt providers. Some of these providers are strictly for-profit; some are non-profit; and others are subsidized in full or in part with government funds.

As noted earlier, CDE supports a variety of general child care programs, as well as many programs targeted at specific populations (see page 8).

A considerable number of churches, temples and other religious institutions in the state sponsor or house child care programs, but no statewide data is available on the number of programs or number of children served through faith-based care.

## School-Age Care

Before-and-after school care, which may or may not be licensed, is provided by local school districts, county offices of education and local park and recreation districts, as well as by numerous non-governmental organizations.

### Local Park and Recreation Agencies

There are 510 park and recreation agencies in California, and about 60% of them offer after-school programs. Programs are supervised and are either unstructured in that children are free to select an activity or they are highly structured, offering mentoring, tutoring, homework assistance, sports, games and cultural arts. After-school child care sites may be licensed by the state.

According to a 1997 survey by the California Park and Recreation Society (CPRS), park and recreation agencies use a variety of venues for after-school care. Forty-four percent use school sites, 33% use community centers and 23% utilize other sites.

Park and recreation officials cite several reasons to explain the lack of after-school programs: lack of funding for personnel, facility usage and supplies; lack of appropriate sites for programs; and lack of administrative support to develop collaborative programs.

CPRS estimates that the total state cost to provide free, supervised after-school programming for every eligible youth in the state aged 10-17 would be \$3.5 billion annually.

### Boys and Girls Clubs

Boys and Girls Clubs are non-profit entities that provide after-school and summer programs. There are 128 clubs in California that operate 249 sites and serve 284,307 children ages 6 to 18. Frequently, Boys and Girls Clubs receive grants, subsidies or some portion of their operating costs from local or state public sources.

### YMCAs

There are 105 YMCAs in California that offer school-age care at 557 sites, serving approximately 27,500 children. YMCA school-age care is funded through a number of sources, including parent fees, government subsidies and private donations.

*A Northern California park and recreation agency director concluded: “Before Proposition 13 we directed our resources to the areas of greatest need with free playground programs and after-school recreation programs plus low-cost sports programs. Today we direct our services to those who can pay for the services, which often precludes those who need our services the most.”*

*Excerpted from: A Safe Place, A Mentor and Something to Do: Promoting Responsible Youth Development, Senate Office of Research, 1995.*

## Welfare Reform and Child Care

In the past several years, federal and state actions to reform the welfare system resulted in a fundamental restructuring of the state's subsidized child care system.

### What Happened at the Federal Level?

On August 22, 1996, President Clinton signed a federal welfare reform bill: the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. A part of that act, the Temporary Assistance for Needy Families (TANF) block grant program, replaced the long-standing Aid to Families with Dependent Children (AFDC). The act also established a lifetime limit of five years for cash assistance and set in place work-participation requirements.

Some of the key provisions of the welfare reform legislation, *as they relate to child care*, are:

- Eliminated the entitlement for child care assistance available to welfare recipients and those transitioning off welfare, but significantly increased funding.
- Reconstituted the pre-existing Child Care and Development Block Grant (CCDF) as the funding mechanism for TANF child care, after eliminating previous federal child care programs. Augmented funding for CCDF, and allowed, under some conditions, for other funds from TANF and the Social Services Block Grant to be used for child care (see sidebar).
- Designated a “*lead agency*” in each state to administer CCDF funds, with the governor of each state having authority to designate the lead agency.\*
- Limited state administrative costs to 5%, with a number of activities defined as non-administrative, such as licensing, inspections and child care placement.
- Ensured a level of health and safety by requiring non-relative child care providers that receive CCDF funds either to meet existing state licensing requirements, or, if exempt from licensure, to meet other health and safety standards.
- Designated 4% of CCDF funds to improve the quality and supply of child care, as well as to offer consumer education.
- Required, in most situations, a policy of parental choice, with parents selecting from center-based care, family child care and in-home care.

\* This provision and each of the following were also required under the original CCDF (then titled the CCDBG).

### CCDF: Some Of The Technicalities

#### *Discretionary Funds*

The CCDF includes a *discretionary* portion that must be appropriated annually by Congress. States are not required to provide matching funds for the discretionary portion. State funding is determined by a formula based on the number of children younger than age 5 in the state, the number of children receiving free and reduced-priced lunches, and the state's per capita income.

#### *Capped Entitlement Funding*

The block grant's *capped entitlement funds* are automatically available to states each year. There are two parts to the capped entitlement portion of the block grant – a base funding amount (mandatory funds) and funds above the base that require a state match (matching funds). States wishing no new child care funds can claim the base amount without maintaining their prior child care spending.

To claim funds above their base funding amount, states must provide matching funds at their fiscal year 1995 Medicaid-matching rate and maintain 100% of their prior non-federal child care expenditures under the Title IV-A programs (called *maintenance of effort*).

#### *Funds from TANF*

No funds can be transferred from the CCDF to any other block grant. ***However, 30% of the TANF Block Grant can be transferred to the CCDF and the Title XX Social Services Block Grant.*** States may also use TANF funding that is not transferred to CCDF for child care for eligible families.

*Excerpted and adapted from: Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act, Appendix B, Children's Defense Fund, 1997.*

## CalWORKs – California’s Welfare Plan

In response to federal welfare reform legislation, former Governor Pete Wilson signed California’s implementation bill on August 11, 1997. The California Work Opportunity and Responsibility to Kids (CalWORKs) Act, or AB 1542, was enrolled as Chapter 270, Statutes of 1997.

CalWORKs created a three-stage child care delivery system, with DSS responsible for administering Stage 1 and CDE responsible for administering Stages 2 and 3. Eight child care subsidy programs previously administered by DSS were replaced – Supplemental Child Care, Transitional Child Care, Greater Avenues for Independence (known as GAIN) Child Care, Non-Gain Education and Training Child Care, Cal-Learn Child Care, California Alternative Assistance Program, At-Risk Child Care Program, and the Child Care Earned Income Disregard.

Local R&R programs, based in each county and funded through CDE, were required under CalWORKs to “co-locate” in or near county welfare departments “or arrange by other means of swift communication” assistance for parents to identify and use child care services.

In each of the three stages, parents may choose providers who are licensed or license-exempt. Licensed providers are subject to criminal-background checks under the provisions of Title 22 (see page 10). License-exempt providers (with the exception of grandparents, aunts and uncles) must submit an application to the TrustLine Registry and complete a health and safety self-certification form.

### CalWORKs Child Care Stages

**Stage 1** is administered by county welfare departments, with funding passed through by DSS. In some counties, the county welfare department contracts with another agency to administer Stage 1 child care.

Generally, Stage 1 provides child care subsidies for the first six months that a recipient receives aid, typically while they are in training, a work activity program, volunteering or beginning work. If it takes longer for a recipient’s child care situation or work activity to become *stable* or a child care space is not available for them to move into Stage 2 or Stage 3, a county can extend the recipient’s Stage 1 benefits.

#### What Ages Are Served?

For Stage 1, administered by DSS, CalWORKs subsidies are available for children 10 years of age or younger, and also for children ages 11 and 12 to the extent that funds are available.

In Stages 2 and 3, administered by CDE, programs attempt to use a variety of funding sources in order to serve children up to age 14.

**Stage 2** is administered primarily by CDE, which provides funding to agencies that contract with CDE. Usually, this contract agency is an *AP program*, but some county welfare departments contract as an AP provider to deliver Stage 2 services.

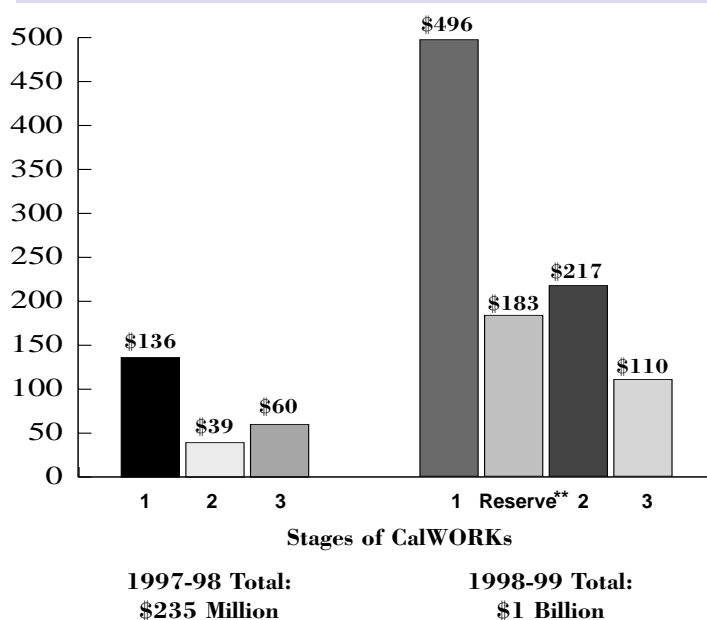
CalWORKs recipients typically transfer into Stage 2 when a county Stage 1 child care worker determines the recipient has a welfare-to-work plan and a “stable” child care arrangement. The eligibility worker then refers the recipient to a R&R program, which assists the recipient in identifying their Stage 2 child care provider (which can be the same as the Stage 1 provider). The R&R also connects the recipient to an AP program (which can be the R&R), responsible for paying the chosen provider. Payments are typically made directly to the provider, using a certificate or voucher.

Recipients can receive Stage 1 or Stage 2 subsidies for up to two years after the family stops receiving a CalWORKs cash aid.

**Stage 3** is administered by CDE through its AP programs. Stage 3 is essentially a set-aside in the larger and pre-existing child care subsidy program for the working poor. Families who are *diverted* from welfare (e.g. receive a lump sum payment) and current and former CalWORKs families with a family income at or below 75% of the state’s median income are eligible for Stage 3 subsidies. CalWORKs families move to Stage 3 if they are eligible *and* a space is available.

**How will we know if CalWORKs is working?** Funding to evaluate CalWORKs was included in the California welfare reform plan, and a research contract was awarded to RAND.

### CalWORKs Local Assistance\* (in millions)



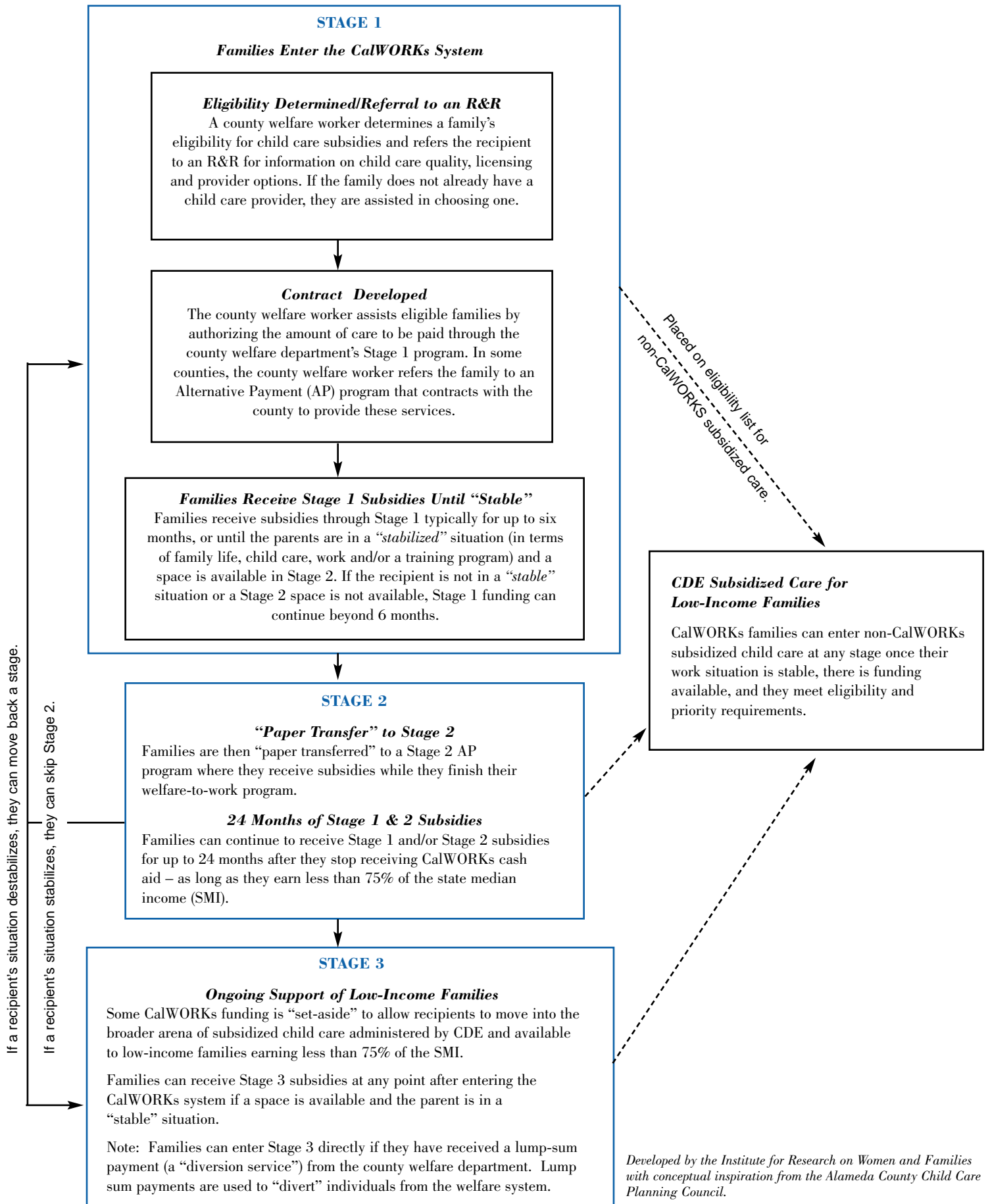
\* Based on DOF estimated expenditures (rounded) for local assistance, as of 2/1/99.

\*\* CalWORKs reserve can be used by CDE or DSS for child care funding in Stages 1 or 2.



## How Families Go Through the CalWORKs Child Care Stages

*In all stages, families can use any child care provider of their choice – licensed or exempt from licensure.*



*Developed by the Institute for Research on Women and Families with conceptual inspiration from the Alameda County Child Care Planning Council.*

## KEY ISSUES

A number of issues affect the supply and quality of child care in California.

### Who are the Caregivers?

No picture of the child care system in California would be complete without portraying the people who care for our children. Who are they? And what are their particular needs, challenges and rewards?

Experts in the field of child care and development spend a good deal of time dispelling the notion that “just anyone” can become a child care worker. They point out that the work of a child care provider is both physically and psychologically demanding, requiring physical stamina, patience and a knowledge of a child’s cognitive, emotional and social development.

Most of the research on child care providers is on staff working at child care centers. Though it depends on the area of the state, it is generally acknowledged that center-based providers fare better than license-exempt providers and family child care home providers on most indicators of income and benefits.

Of particular interest to policy makers, research also shows that providers in publicly funded centers are typically better compensated and receive better benefits than those in for-profit or nonprofit centers.

### Characteristics and Compensation

The 1996 *California Child Care and Development Compensation Study*,\* the most recent statewide data available, found that among *center*-based teaching staff:

- 96% of the teaching staff in child care centers were female;
- 63% were 40 years old or younger;
- 59% were Caucasian (non-Hispanic), 23% Latino/Hispanic, 10% African-American, 6% Asian/Pacific Islander, and 2% other;
- 57% were married or living with a partner, while 43% were single; and
- 57% had children of their own.

Child care workers, on the average, had more education than women in the general public. In California, about one-third of child care teachers had a bachelor’s degree or higher, compared to a national average for women of 23%.

Child care salaries varied based on the employer, with publicly funded programs offering better wages than non-profit programs, and for-profit programs typically offering the lowest wages (see table on next page).

Teachers in for-profit centers had a median hourly wage of \$7.25, while assistants had a median hourly wage of \$6.43. Workers in private non-profit programs made somewhat more than their for-profit counterparts. California teachers in publicly subsidized programs made a median hourly wage of \$14.86, while assistants made \$8.40.

*“The wages of child care workers are artificially low when compared to workers in other occupations with comparable education and experience. This wage differential is likely a major contributing factor in explaining the high level of turnover in the child care industry.”*

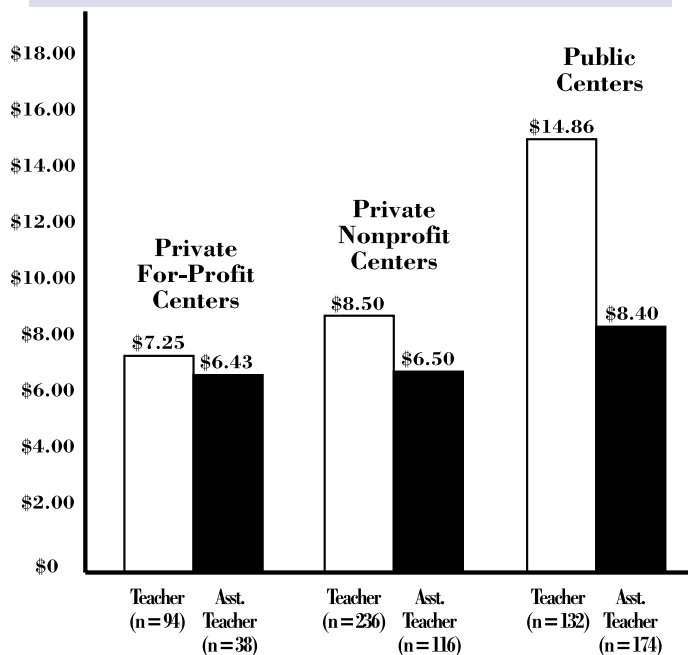
*Source: California Child Care and Development Compensation Study, 1996, page 6.*

The *California Child Care and Development Compensation Study* also found that teachers at public centers were more likely to receive full or partial health benefits than in private nonprofit or private for-profit centers (see table on next page).

**Research from several studies has shown that turnover is correlated with program quality.** In the *California Child Care and Development Compensation Study*, 11% of the teachers in publicly subsidized programs left their jobs annually and were replaced by other staff, while 31% did so in the for-profit programs and 28% in the private non-profit programs. The study also found the highest turnover in centers with the lowest teacher and assistant teacher wages.

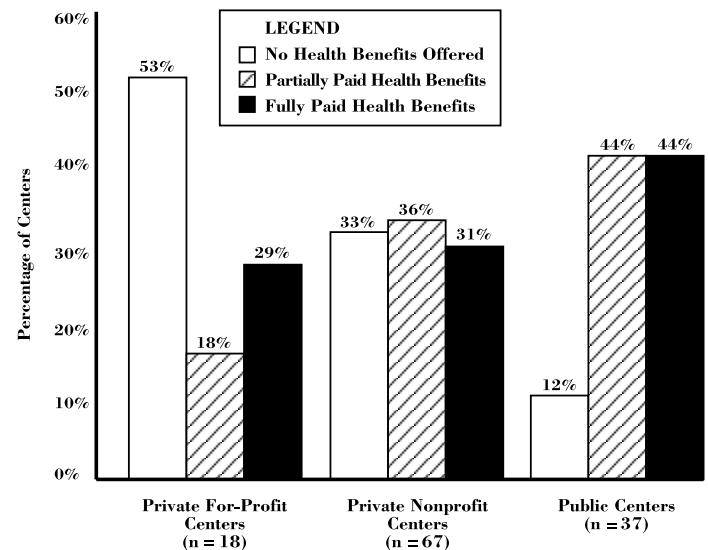
*\*Source: California Child Care and Development Compensation Study: Towards Promising Policy and Practice – Final Report, November 27, 1996.*

## Median California Child Care and Development Teacher and Assistant Teacher Hourly Wage by Auspice, 1996



Source: California Child Care and Development Compensation Study: Child Care Center Survey.

## Health Benefits Offered to California Child Care and Development Teachers by Auspice, 1996



Source: California Child Care and Development Compensation Study: Child Care Center Survey.

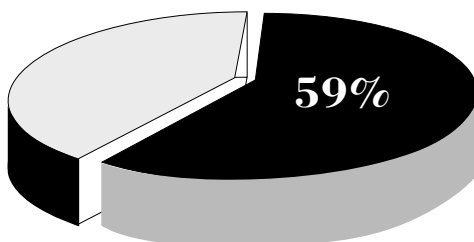
## How Much Does Child Care Cost in California?

In 1996, the average cost of full-time care for a child under 2 years old in a licensed child care center was \$135 per week, or \$7,020 annually.

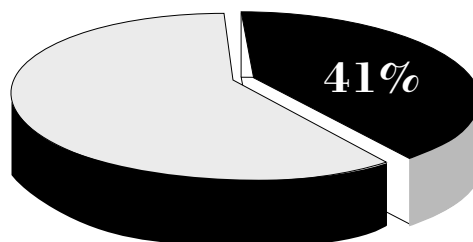
In 1996, the average cost of full-time care for a child 2-5 years old in a licensed child care center was \$94 per week, or \$4,888 annually.

Source: 1997 California Child Care Portfolio, CCCRRN.

Infant care costs 59% of an annual minimum-wage salary.



Care for a 2-5 year old costs 41% of an annual minimum-wage salary.



1998 annual minimum-wage salary estimated at \$5.75 per hour, 40 hours per week for 52 weeks, or \$11,960 annually. Cost of care based on 1996 data from CCCRRN for licensed centers.

## “Brain Research” and Program Quality

Research over the past few decades has convincingly demonstrated that a child’s environment has a decisive impact on his or her cognitive and emotional development.

The “hard sciences” have made particular contributions, with “brain research” demonstrating that brain development involves the formation of trillions of connections, or synapses. If these synapses are used frequently, they become hardwired into the brain’s circuitry. If they are not used adequately, then the brain can eliminate them.

### Critical Periods

Findings such as these support the approach to child care and development that emphasizes enhancing the child’s environment in order to stimulate brain development. Moreover, research shows that the brain has “critical periods” when it is more efficient at integrating new skills. Negative experiences (including cognitively sterile environments) during these “critical periods” can sometimes have lasting negative impacts on the development of the brain – and the child. Sustained neglect can result in anxiety and depression, impulsiveness, and poor ability to control emotions and form attachments.

### Research on Program Quality\*

Research has also shown that early, enriched care characteristic of quality programs (see sidebar) can have long-lasting impacts on how children develop. Improved outcomes are found with grades and achievement test scores, high school attendance and graduation, ability to control emotions, higher incomes and home ownership. Early enriched care can decrease special education placements and later involvement of the child in the juvenile justice system.

Unfortunately, numerous research studies indicate that many care settings are mediocre or poor in quality. One found that only 14% of child care centers had quality rated as “good.” Another found that 40% of infants and toddlers were in settings that jeopardized their health and safety.

### Policy Implications

The implications of “brain research” and research on program quality underscore the need to expand the supply of quality child care, particularly for infants and toddlers. Child development experts recommend low child-to-staff ratios, professional development and training for child care workers, and improved child care worker salaries to reduce staff turnover and disruptions in the child’s environment.

\* *Resources: Rethinking the Brain: New Insights into Early Development, Families and Work Institute, 1997; Cost, Quality & Child Outcomes in Child Care Centers, University of Colorado at Denver, 1995; The Study of Children in Family Child Care and Relative Care, Families and Work Institute, 1994; The National Child Care Staffing Study, National Center for the Early Childhood Workforce, 1989.*

## What Is A Quality Early Childhood Program?

A growing research base has defined factors that produce quality early childhood care and education programs. Important components of quality include the following:

### 1. Well-Prepared and Well-Compensated Providers

- Workers are trained and educated about how children grow and develop, how to respond to their unique temperaments and how to understand a child’s rate of physical and emotional growth.
- Workers are warm, friendly, respectful, affectionate and sensitive toward the children in their care; they listen and talk with them, help them with their feelings and apply consistent but flexible rules.
- Workers’ expectations vary appropriately for children of different ages and interests.
- Workers receive satisfactory staff pay and benefits. This leads to reduced turnover, a stabilizing element for children.

### 2. A Few Children for Each Provider

- Small group size promotes less hostile and disruptive behavior among children.
- Workers with fewer children can provide more individualized attention and interaction.

### 3. Parent Involvement

- Parents are welcome to observe, discuss and recommend policies, and participate in the program’s activities.
- Workers share children’s experiences with parents and are alert to family needs.
- Workers respect families’ varying cultures and backgrounds.

### 4. Links to Comprehensive Community Services

- Programs have access to a broad range of services, including health.
- Workers refer families to other appropriate agencies, such as health care, parent education or counseling.

### 5. A Safe, Healthy, Comfortable Environment

- Curriculum is appropriate and includes individual and group activities and experiences that promote independent thinking, along with physical, emotional and social growth.
- Adequate materials, such as climbing equipment, toys that stimulate creativity and books appropriate to each child’s age.
- Safe furnishings.
- Strong hygiene policies.

*Excerpted from: Early Childhood Care and Education, National Conference of State Legislatures, January 1997.*

## Proposition 10

California voters passed Proposition 10 by a narrow margin in November 1998. Citing numerous “brain research” studies, the initiative declared a “compelling need in California to create and implement a comprehensive, collaborative and integrative system of information and services to promote, support and optimize early childhood development from the prenatal stage to five years of age.”

To accomplish this, an additional 50-cent tax is now levied on each pack of cigarettes, and excise taxes on other tobacco products have also been increased. Expected revenues for fiscal year 1998-99 are \$360 million, and about \$690 million in fiscal year 1999-00. The initiative creates a state commission and a process to create county commissions.

### State Commission

Twenty percent of the monies generated by Proposition 10 are available to the newly created California Children and Families First Commission (CCFFC). The CCFFC has seven voting members, with three appointed by the governor, two appointed by the speaker of the Assembly and two appointed by the Senate Rules Committee. The secretary of the Health and Human Assistance Agency and the governor’s secretary of education serve as ex-officio members.

The CCFFC will develop statewide program guidelines, conduct research and distribute educational materials, offer technical assistance to county commissions, evaluate early childhood development programs, and put forth recommendations to the governor and the Legislature.

The program guidelines will focus on parent education, the supply and provision of quality child care that is accessible and affordable and the provision of certain types of health care for children. Thus, it is likely that Proposition 10 funds will be used for child care programs and services, but not exclusively.

A formula controls the disbursement of the funds available to the CCFFC, with 6% deposited to a mass media communications account, 5% to an education account, 3% to a child care account, 3% to a research and development account, 1% to an administration account, and 2% to an unallocated account (available for all purposes identified in the initiative except administration). Commissioners are paid a reasonable per diem and expenses, but no salaries. The CCFFC can hire a non-civil service executive director and staff.

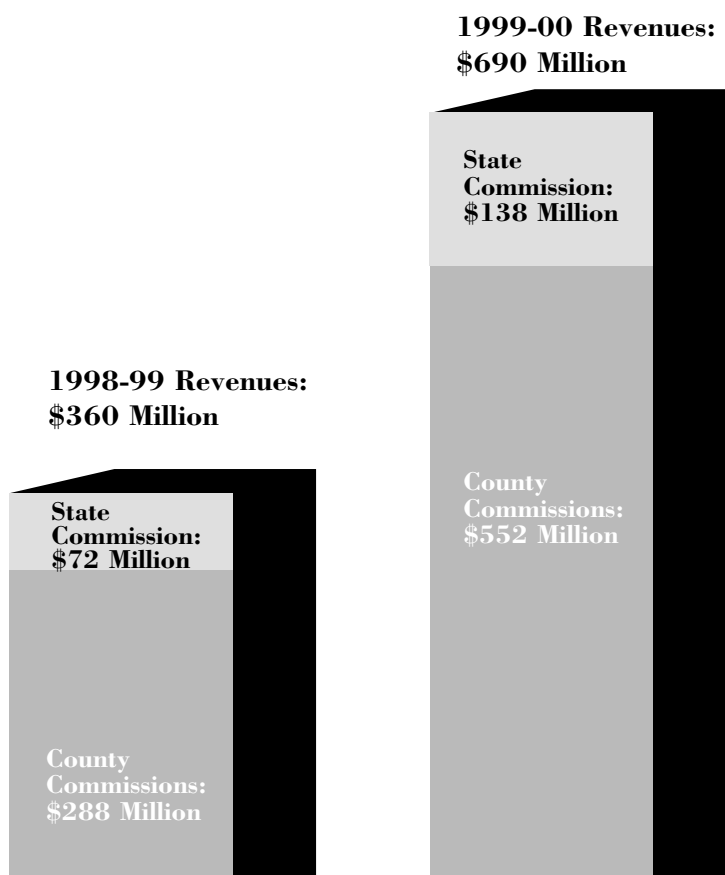
### County Commissions

Eighty percent of the monies generated by Proposition 10 will be allocated to county commissions established by county boards of supervisors. To receive funds, the commissions must be established according to specific requirements – including guidelines for the composition of the county commission and a requirement that the county commission adopt a strategic plan to support and improve early childhood development in the county. Counties may collaborate to establish a commission.

The county commissions receive allocations based on a formula tied to the number of births in the county. County commissions are to disburse funds in accordance with guidelines adopted by the CCFFC and their strategic plans. County funds are intended to augment or coordinate existing child development programs – and cannot be used to replace existing levels of service.

County commissions will have the flexibility to undertake a variety of efforts, including smoking cessation programs, anti-smoking public education campaigns, nutrition services for pregnant women and children, parent education, health care programs for children, child care, and other social services not provided by existing programs.

### Proposition 10 Revenues\*



\* Legislative Analyst projections.



## Supply and Demand

Reliable, comprehensive information on the demand for child care – and the supply of child care – would be of considerable value to policy makers who must make funding decisions for child care programs. Should scarce public dollars be spent on expanding supply? In what areas? Or, should public monies be used to improve quality? And, where are quality improvements most needed?

Unfortunately, although some important pieces of the supply and demand puzzle are in place, many are missing – and no research strategy has been developed to identify and collect comprehensive information on supply and demand.

### Data on Demand

To date, most of the projections about *demand* for child care present blunt, statewide figures summarizing the number of families with two working parents, the number of single parent families, and more recently, the number of CalWORKs clients expected to transition into the work force. Of interest, a 1997 survey by the Field Research Corporation, in collaboration with the California Center for Health Improvement, found that “one in five parents has a problem obtaining child care services for their children.”

### Information on Supply

Information on the supply of child care is more plentiful, particularly for licensed child care, but a great deal is still not known.

On a monthly basis, the Community Care Licensing Division in DSS reports statewide figures on the number of licensed child care facilities. As of January 4, 1999, there were 54,564 licensed facilities with a total capacity to care for up to 991,671 children.\*

This DSS information focuses only on care in licensed facilities and only on *capacity*, not the actual number of spaces being used, which some experts estimate to be 70 to 85% of capacity.

Recently, the California Child Care Resource and Referral Network (CCCRRN) undertook their *Data Standardization Project* to collect and present *local* and more specific data on the capacity of *active* providers. This information is published by CCCRRN on a county-by-county basis in *The California Child Care Portfolio*. Like the DSS data, the CCCRRN information is primarily focused on licensed family child care homes and centers, and thus does not provide information on most license-exempt providers (see sidebar).

## Some Statistics On Supply And Demand

### From the 1990 Census:

- About 4 million children 13 years or younger have one or more parents in the work force.
- About 1,297,306 (or 32%) of these children are in child care outside the family.

### From the 1999 California Child Care Portfolio:\*

- There were 558,717 spaces in 9,188 licensed child care centers.
- There were an estimated 259,607 spaces in 30,880 family child care homes.
- Only 4% of spaces in licensed child care centers were designated to serve infants under the age of 2.
- Of the total number of licensed family child care homes, 33% provided evening, overnight, or weekend care.

\* Source: *The 1999 California Child Care Portfolio*, California Child Care Resource and Referral Network, publication forthcoming.

### Other Studies

DSS is funding CCCRRN and Policy Analysis for California Education (PACE), a research organization based at University of California, Berkeley, and Stanford University, to develop specific indicators of both supply and demand for each zip code in the state. A similar project is also under way at the American Institutes for Research. Both of these projects use information produced by CCCRRN, which is primarily data on *licensed* care.

Other studies focus on cultural differences in the use of child care, institutional barriers to accessing child care, the degree to which welfare recipients are using their child care subsidies, and the differences in child care supply and quality in different communities and counties.

\* Includes some county statistics from October 1, 1998.

## Building Capacity and Improving Quality

A number of public-sector efforts are under way to increase the supply and quality of child care.

For fiscal year 1998-99, CDE will spend \$39 million in federal and state funds to support quality improvements and capacity building, almost entirely due to the 4% set-aside required by the CCDF. Initiatives in seven areas are aimed at improving the quality of child care – through training of providers, increasing provider compensation, educating consumers, and more:

- Support of R&R programs.
- Grants or loans to providers to assist in meeting state or local standards.
- Monitoring compliance with licensing and regulatory requirements.
- Training and technical assistance for providers.
- Compensation for child care providers, through a mentor program, supervision grants and training stipends.
- Consumer education.
- Quality activities to meet CCDF requirements, including support of TrustLine.

Three CDE initiatives are aimed at capacity building. One focuses on increasing the supply of care for *infants and toddlers*, and includes start-up and resource grants, expansion of the Child Care Initiative Project that trains providers, stipends, and launching of model sites. Through another initiative, \$10 million is targeted to 23 counties to assist with capacity building in under-served areas.

Finally, almost \$49 million is available in the **Child Care Facilities Revolving Fund** to assist providers with the purchase and relocation of child care facilities (see sidebar).

DSS has also undertaken capacity development and quality improvement programs. About \$9 million is budgeted in fiscal year 1998-99 for efforts such as:

- Purchase and renovation of properties.
- Loans and grants for child care facilities.
- Provider recruitment, particularly in high-need areas and for non-traditional hours.
- Workshops to provide technical assistance on the licensing process.
- Support of TrustLine.

DSS also contracts with PACE to provide research on supply and demand indicators throughout the state. DSS contracts with the University Extension at the University of California, Davis, to provide training on child development for family child care providers throughout the state.

Both CDE and DSS have pilot programs to recruit and train CalWORKs recipients to become child care providers. The child care and development community has raised numerous concerns about the wisdom of targeting the welfare population to become child care providers. The low-paying work of a child care provider may not help welfare recipients move off of aid; recipients will need financial assistance to start a new business; and child care providers need to be highly motivated to provide quality care, not pressured into the profession.

At the California Department of Housing and Community Development, the **Child Care Facilities Financing Program** is planning to make loans to create new child care spaces or preserve spaces that would otherwise be lost without the loans. \$7 million is available through this fund.

### Child Care Facilities Revolving Fund

Almost \$49 million in funding is available to public or private applicants currently under contract with CDE's Child Development Division. Funding is for the lease-purchase of new, relocatable child care facilities.

Providers are responsible for the design, purchase, transportation and installation of the relocatable building, but must receive approval of plans. In almost all instances, the relocatable buildings must be placed on public land.

Lease payments are amortized over 10 years with no interest. After repayment, the title transfers from the state to the provider. Lease payments are directed to the revolving fund, which is self-renewing.

### Child Care Facilities Financing Program

The Housing and Community Development Department (HCD) is responsible for launching the newly created Child Care Facilities Financing Program. \$7 million is available, split equally between two funds: the Child Care and Development Loan Guaranty Fund and the Child Care and Development Facilities Direct Loan Fund (which includes \$500,000 for a micro-loan demonstration project for family child care home providers).

To implement the loan programs, HCD has entered into an inter-agency agreement with the Trade and Commerce Agency to utilize the services of their eight Regional Small Business Financial Development Corporation sites located throughout the state.

The purpose of the program is to provide facilities financing through direct loans or loan guaranties of private sector loans. Funding for direct loans and loan guaranties is expected to be available in early spring of 1999, and micro-loan funds are expected to be available in late summer 1999.

## Barriers – and Continuing Challenges

Despite numerous capacity-building and quality improvement activities in the public sector – and complementary efforts in the private and non-profit sectors – a number of barriers still limit or prevent access to a quality child care system:

### High quality care not common

Research has found that inadequate or poor care is far too common – and that high quality child care is in short supply, particularly for infants.

### Child care costs prohibitive or burdensome

Particularly for working families on waiting lists for subsidies or not eligible for them, child care costs are a significant proportion of family income.

### Lengthy waiting lists

Although the working poor are eligible for subsidies, many local programs have long waiting lists. For non-CalWORKs programs subsidized by CDE, priority is given first to children referred because of risk of neglect or abuse and then to the lowest-income family on the list (with income adjusted for family size). A family can be eligible for subsidized care (when their income is at or below 75% of the state's median income), but never receive an available space.

### Staff turnover

Low wages for child care providers not only result in staff turnover, but also negatively affect the quality of care.

### Staff shortages

Many child care facilities have difficulty recruiting and retaining staff. This problem has been exacerbated by the Class Size Reduction Program that motivated many preschool teachers to transfer to the K-12 system.

### Limited supply of child care for infants

Few spaces are available for infant care, particularly full-day, year-round care at a price that low-income, working families can afford.

### “Sick child” care almost non-existent

Parents with ill children have few options for care of children with short- or long-term illnesses. DSS estimates only 107 licensed spaces for sick child care in the entire state.

### Limited child care for special needs children

Parents of children with physical or developmental disabilities have a particularly difficult time locating child care. There are six state-subsidized child care programs for the severely handicapped, serving only 134 children.

### Limited off-hours care or 24-hour care

For parents who work swing-shift, graveyard shift or on weekends, child care can be difficult to find.

### Care not close to work or home

In some counties, care is in limited supply and not in proximity to a parent's home or place of work. Significant scheduling problems and transportation costs can result.

### Public transit not accessible, affordable or safe

Transit, work and child care schedules may not be even remotely compatible. Multiple transit trips can be costly and time-consuming. Late-hour trips may not be safe.

### Restrictions on zoning

Local zoning restrictions make it difficult for large family child care homes to locate in some residential neighborhoods.

## CONCLUSION

California is rightfully recognized for its long-term commitment to providing child care and development programs to working families. But the recent and significant infusion of funds, almost exclusively to support child care for individuals transitioning off welfare, has resulted in unprecedented growth and structural change in the child care system.

Perhaps now more than ever before, it is important for policy makers to *understand child care* and to address some core policy issues:

- The quality of child care programs and the effectiveness of existing state laws and regulations to ensure quality programs for families of all income levels.
- The supply of child care and the adequacy of available data to assess supply and demand in different regions of the state, for parents with varying work schedules, and for children with different needs.
- The availability of resources to adequately train, maintain and compensate a child care work force for a growing population of working families.
- The efficiency and effectiveness of the governing structure.

The purpose of *Understanding Child Care: A Primer for Policy Makers* has been to introduce California's leaders to the state's complicated child care system – and to prepare them to thoughtfully and comprehensively address forthcoming legislation, regulations, budget items and other proposals.

## PROJECT BACKGROUND

### Understanding Child Care: A Primer for Policy Makers

This briefing paper was prepared by Kate Karpilow, Ph.D., Executive Director of the Institute for Research on Women and Families, for the *California Working Families Project*, a partnership with the California Commission on the Status of Women. The briefing paper is provided to policy makers as an introduction to California's child care system.

### The California Working Families Project

The *California Working Families Project* was developed with input from women's and children's policy leaders from throughout the state, and we thank them for their ideas and insights. Kate Karpilow, Ph.D., directed the project.

In addition to *Understanding Child Care*, the project has produced a summary of poll data, a summary of legislation for the 1997/98 legislative session, a statistical profile of working families, a list of child care stakeholders, and a check list of activities to help legislators understand child care in their districts.

For further information about the *California Working Families Project*, contact the California Commission on the Status of Women or the Institute for Research on Women and Families.

### California Commission on the Status of Women

The California Commission on the Status of Women is a non-partisan agency that serves to advance the causes of women. Toward that end, the commission influences public policy by advising and working with the governor and the Legislature on issues impacting women, educating and informing its constituencies, and providing opportunities that empower women and girls to make their maximum contribution to society.

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### Institute for Research on Women and Families

The Institute for Research on Women and Families is a policy and training organization that focuses on issues affecting women, families and children. An affiliate of the Center for California Studies at California State University, Sacramento, the Institute has worked in the areas of welfare reform, foster children's health, Healthy Start, child care and other issues affecting working families.

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a publication of the

**CALIFORNIA WORKING FAMILIES PROJECT**

A partnership of the

*California Commission on the Status of Women*

and the

*Institute for Research on Women and Families*

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February 1999 – First Printing

August 1999 – Second Printing

*Made possible through a contribution from  
The David and Lucile Packard Foundation*